

REPORT

OF THE

ALAMEDA COUNTY

AD HOC ECONOMIC DEVELOPMENT COMMITTEE

TO THE

ALAMEDA COUNTY BOARD OF SUPERVISORS

February 20, 1990


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Alameda County Ad Hoc
Economic Development Committee



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I.
FOREWORD

Honorable Members,
Alameda County Board of Supervisors
Alameda County, California

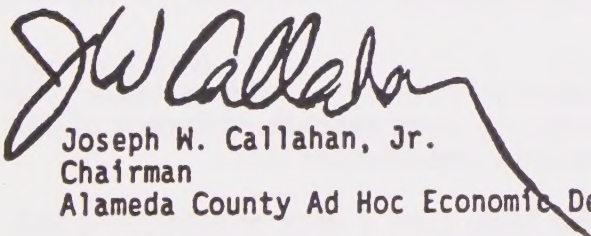
The Alameda County Ad Hoc Economic Development Committee is pleased to present to the Board of Supervisors our findings and recommendations concerning our community's economic future.

This report concludes nearly ten months of work by the Committee to evaluate Alameda County's critical economic problems and opportunities and to recommend a pro-active strategic plan for the county's economic development.

This has been a unique and highly productive undertaking, bringing representatives of local government, business and labor together to examine the critical issues facing Alameda County -- now and in the future. As Chairman, I was impressed with the degree of commitment the Committee members invested in this effort. The working sessions of the full Committee and the four subcommittees were highly productive, with Members bringing a broad range of perspectives and expertise into the discussions. Their ability to achieve consensus on the issues and strategies presented herein proves that the public and private sectors can work together for their mutual benefit.

I wish to thank your Board for the honor of serving as Chairman of this very important effort. I also thank the Committee members for their dedication and commitment to building a solid economic future for Alameda County.

Yours sincerely,



Joseph W. Callahan, Jr.
Chairman
Alameda County Ad Hoc Economic Development Committee

II.
THE ALAMEDA COUNTY
AD HOC ECONOMIC DEVELOPMENT COMMITTEE

In November of 1988, the Alameda County Board of Supervisors established the Ad Hoc Economic Development Committee in response to a growing concern among elected officials, business and labor leaders over the economic changes of the past decade and their impacts on the workforce and business investment in the county. The Committee's charge was to:

- review and assess current county-wide economic development efforts;
- identify internal and external factors affecting the county's economic performance and the effectiveness of current programs in addressing them; and
- assess the public and private sector leadership for a concerted county-wide response to critical economic issues.

The Committee reflects Alameda County's geographic and economic diversity. It represents all sectors of the economy, including services, retail and wholesale trade, manufacturing, transportation and public utilities, finance, construction and government.

To make a realistic assessment of the county's economic situation and potential, the Committee embarked on a six month process of research and evaluation before forming its recommendations. The Committee was divided into three working subcommittees:

- The Competitiveness Subcommittee assessed the forces affecting the Alameda County's long term economic stability;
- The Subcommittee on Business Retention focused on current strengths and weaknesses in the county's business environment; and
- The Public Policy and Economic Development Subcommittee reviewed city and county development policies with reference to the county's changing development needs.

Each subcommittee met on a regular basis between January and June, 1989. Full Committee meetings were held every two months to keep members informed of the progress of each subcommittee and to coordinate recommendations.

The final phase of the Economic Development Committee's work was carried out by the Leadership Subcommittee, which began meeting in May to synthesize subcommittee findings and to draft the Committee's final report and recommendations for submission to the Board of Supervisors.

THE ALAMEDA COUNTY AD HOC ECONOMIC DEVELOPMENT COMMITTEE

Chairman

Joseph W. Callahan, Jr.
Callahan Property Co.

Rear Admiral John W. Bitoff
Commanding Officer
COMNAV Base SF

Barbara Desoer
Regional Vice President
Bank of America

Dave Karp
Mayor
City of San Leandro

Dr. Edward J. Blakely
Chairman, Dept. of City &
Regional Planning
Univ. of California, Berkeley

Ruben Garcia
Area Vice President
Pacific Bell

Theodore G. Krumm
Capt., U.S. Navy
Naval Base, S.F.

James L. Brown
Secretary/Treasurer
Building & Construction
Trades Council of Alameda Co.

Henry Gardner
City Manager
City of Oakland

Michel Laverne
Chief Exec. Officer
Mother's Cake and
Cookie Company

Joseph W. Callahan, Jr.
Owner, Callahan Property Co.

Robert L. Harris
Division Manager
Pacific Gas & Electric

Kent McClain
City Manager
City of Fremont

Raymond Castor
Owner
L.M.L. Real Estate Devel. Co.

Joji Hayashi
Vice Chairman
American President Co.

Tom O'Malley
Vice President
Triad Systems Corp

Oscar Coffey
President & CEO
Nat'l Black Chamber of Commerce

Kan Higashi
President
New United Motors (NUMMI)

Dr. Edward Penhoet
President
Chiron Corporation

David F. Coombs
Project Director
The William Lyon Co.

Doug Higgins
President
Port of Oakland

Don Perata
Chairman
Alameda Co. Board
of Supervisors

Dennis Cuneo
Vice President
New United Motors (NUMMI)

Glenn Isaacson
Executive Vice President
Bramalea Pacific

James W. Sievers
Vice President
Christopher James
Investment

Edwin DeSilva
Owner
DeSilva Construction

Ken Jones
Chief Executive Officer
Merritt-Peralta
Medical Center

Dale Turner
Mayor
City of Livermore

THE ALAMEDA COUNTY AD HOC ECONOMIC DEVELOPMENT COMMITTEE

SUBCOMMITTEE MEMBERSHIP

Subcommittee on Leadership

Henry Gardner, Chairman

Joe Callahan, Jr.
Dennis Cuneo
Kan Higashi
Glenn Isaacson
Dave Karp
Don Perata

Subcommittee on Competitiveness

Glenn Isaacson, Chairman

Edward Blakely
Jim Brown
Robert L. Harris
Ken Jones
Edward Penhoet
James W. Sievers

Subcommittee on Business Retention

Kan Higashi, Chairman

John W. Bitoff
David F. Coombs
Dennis Cuneo
Barbara Desoer
Ruben Garcia
Joji Hayashi
Theodore G. Krumm
Dale Turner

Subcommittee on Public Policy
and Economic Development

Dave Karp, Chairman

Raymond Castor
Oscar Coffey
Edwin DeSilva
Doug Higgins
Kent McClain
Tom O'Malley

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Verna Causby	Bramalea Pacific
Mary Kittleson	Alameda County Transportation Authority
Cynthia Kroll	U.C. Center for Real Estate
Dennis Murphy	Prince Georges County Economic Development Corp.
Jim Neto	Employment Development Dept.
Chuck Teller	Economic and Planning Systems

Special thanks must be extended to:

Paul Morton	The Communications Center
Jim Musbach	Economic and Planning Systems

In addition, the Committee thanks the Association of Bay Area Governments, the Alameda County Administrator's Office and the many city and county officials who have given their time and assistance in preparing this report.

III. EXECUTIVE SUMMARY

This report presents the findings and recommendations of the Alameda County Ad Hoc Economic Development Committee and their proposal for a pro-active, county-wide strategy to improve the state of the local economy.

A strong economy is fundamental to our quality of life, the health of local business and the self-sufficiency of local government. With our enviable array of resources and opportunities, Alameda County should have a solid economic future. But the conditions underlying our current prosperity have changed. Unless we act decisively, prosperity will be replaced by stagnation and decline.

PROFILE OF ALAMEDA COUNTY

Alameda County provides one fifth of the region's non-agricultural jobs -- and has already surpassed San Francisco as an employment center. Only Santa Clara County exceeds our share of regional employment. With over 1.25 million residents, Alameda County is now the sixth largest county in the state and the second largest in the Bay Area.

The southern and eastern parts of the county are providing an increasing share of total county employment, but there is little reason to believe these areas are directly competing with north county cities. In terms of economic potential, the sum of Alameda County's sub-areas greatly exceeds their separate parts.

Our economy is in a state of flux. Though long term economic change is inevitable, the contraction of our manufacturing base has exacted a heavy cost. Many residents do not have a place in the new economy.

OUTLOOK

Alameda County has been coasting on its economic momentum. We are facing the potential long term decline in Alameda County's fundamental economic competitiveness.

We have always been a high cost area, but the problems of doing business here are multiplying. Traffic congestion, skyrocketing housing costs and a shortage of skilled labor are eroding our overall competitive edge in all industries, including service and high tech.

If the economy falters, we could see a downward spiral of deteriorating services and infrastructure, lower quality of life, stagnant business investment, rising unemployment, falling revenues and further budget cuts.

CRITICAL ISSUES:

1. Managing Growth

Growth-related problems -- congestion, housing shortages and sprawling development -- are undermining the county's livability and economic vitality.

Traffic problems undermine key competitive strengths -- our quality of life and strategic location as a trade and transportation hub. A critical shortage of affordable housing is driving up business costs, and driving out the workforce.

The rapid growth of the past two decades exposed a serious flaw in the way we currently plan for development in Alameda County. It is not enough for each city to manage its own growth. Land use policies that allow for adequate county-wide residential development are needed. But there is no forum for interjurisdictional dialogue on land-use and other local policies that affect growth.

Alameda County lacks a common vision of the future for growth. Without a firm concept of how Alameda County should grow, planning will continue to be guided by short-term political and fiscal considerations. Bold, innovative solutions are needed to reconcile our transportation, housing, environmental and quality of life objectives. For Alameda County, that may mean a clear choice of urban over suburban housing development.

2. Maintaining a Competitive Workforce

Our workforce is losing its competitive edge. A substantial proportion of Alameda County's workforce is unqualified to fill the jobs of the future. The language and technical skills increasingly required in blue and white collar jobs constitute a significant employment barrier for many of our residents. New entrants to the labor force lack basic literacy and technical skills.

High housing costs are exacerbating a labor shortage. A declining standard of living is making it difficult for Alameda County to hold on to skilled blue-collar workers, to the young, and to the middle class. On the other hand, the poor and underskilled will be left behind. The result is a combination of unemployment and labor shortages.

Vocational training in the county is underfunded and poorly coordinated. Educational policies and cultural attitudes discourage high school students from pursuing vocational opportunities. Existing vocational training resources must handle growing numbers of participants who need remedial training, or immigrants needing intensive language and technical preparation.

Given its stake in an educated workforce, the business community must take a more active role in improving the quality of local workforce preparation.

3. The Business Climate

Local governments inadvertently drive business and industry away through slow permitting, an excessive tax burden, or indifferent treatment by city or county agency staff. The absence of coordination among environmental agencies creates unnecessary problems and costs for business. Regulatory problems are tremendously magnified for foreign companies unfamiliar with local procedures and standards.

Without compromising the integrity of environmental standards, agencies can clarify standards, procedures and authorities, and simplify permitting and appeals processes. Elected officials must communicate economic priorities to all employees -- particularly those who deal with the private sector.

We should actively demonstrate to business that it is welcome in Alameda County. A county-wide economic development effort should be initiated. Programs should complement, not compete with, existing efforts.

A CALL TO ACTION

The three-point economic agenda outlined in this report -- managing growth, maintaining a competitive workforce and building a positive business climate -- will put us on the right road. But first, we must be willing to break down the barriers that have prevented us from taking positive action in the past.

- To resolve the tough economic challenges we face, we must first be willing to work together for our mutual benefit.
- All of us who live, work and do business in Alameda County must be made aware of the complex and inter-related nature of our transportation, housing, education and environmental issues, and to take a broader, area-wide perspective on issues that transcend local borders.

The Board of Supervisors and the Mayors of each city should provide joint leadership to carry out the programs and policies recommended in this report, and ensure that government actions at all levels are consistent with economic priorities.

The private sector must be a full and active partner in this effort. Business, labor and environmentalists must provide leadership and vision to communicate economic goals and priorities, and marshal public and private resources for economic development.

A VEHICLE FOR ACTION

Existing city and county economic development structures are limited in terms of the scope, authority and resources required to carry out the programs and activities recommended in this report. At the same time, the Committee wanted to avoid duplicating efforts or adding more layers of bureaucracy. Instead, it sought to tailor a strategic economic development program that:

- Targets the key threats to Alameda County's economic future;
- Is county-wide in scope
- Emphasizes improved coordination and communication among key groups, including the 14 Cities, the County, business, labor, financial institutions, educators and regulatory agencies; and
- Leverages public and private leadership, resources and commitment for a sustained economic development.

The Committee concluded that a joint public/private effort is needed. However, direct access to public policy-makers will be essential to carry out the specific economic agenda outlined in this report. Accordingly, the Committee proposes that the 14 cities and the county government jointly establish, fund and participate in a county-wide economic development program.

The Board of Supervisors, with the support and backing of the Mayors, will provide the central point of responsibility. A public/private advisory board will provide policy guidance to the Board of Supervisors. In addition, an Alameda County Business and Industry Association will be established to provide broad private sector participation in county-wide economic issues. Program development and policy administration will be carried out by the Alameda County Administrator's Office.

IV.
PROFILE OF ALAMEDA COUNTY

A REGIONAL CONTEXT

A brief overview of Alameda County relative to the Bay Area as a whole reveals our growing importance in the regional economy.*

Vital Statistics

Located on the eastern shore of the San Francisco Bay, Alameda County extends from Albany, Berkeley and Oakland in the north to Fremont in the south, and the rural Livermore Valley to the east. Although it possesses only one tenth of the area's total land area, Alameda County sustains a fifth of the Bay Area's population and workforce. Alameda County also provides one fifth of the region's non-agricultural jobs -- and has already surpassed San Francisco as an employment center. Only Santa Clara County exceeds our share of regional employment.

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**Alameda County:
Vital Statistics - 1988**

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	<u>Alameda County</u>	<u>Bay Area</u>	<u>Alameda County as % of Bay Area</u>
Total Acreage (1000s)	488.7	4549.3	11%
Population	1,241,592	5,793,551	21%
Labor Force	663,000	3,165,700	21%
Employment (1989)	608,082	3,057,373	20%

SOURCE: Association of Bay Area Governments; Economic and Planning
Systems; Alameda County Administrator's Office

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* (The Bay Area includes the counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma.)

Job and Population Growth

Over the past two decades, Alameda County consistently added new jobs more quickly than new residents.

- The county has added over 160,000 new jobs since 1970 -- over two thirds of these in the past decade.
- Between 1970 and 1980, the county added roughly one in ten of the region's new jobs and one in twenty of the Bay Area's new residents. In the 1980s, Alameda County's share of the region's new jobs and new residents jumped to one in five for both.

POPULATION AND EMPLOYMENT GROWTH*

Alameda County and the San Francisco Bay Area: 1970-1980 and 1980-1990

	<u>Alameda County</u>	<u>Average Annual Growth</u>	<u>Bay Area</u>	<u>Average Annual Growth</u>	<u>Alameda County Share of Bay Area's Growth</u>
EMPLOYMENT					
1970-1980	52,200	1.1%	545,100	2.5%	9.6%
1980-1990	111,242	1.9%	599,225	2.2%	18.6%
POPULATION					
1970-1980	32,195	0.3%	551,585	1.1%	5.8%
1980-1990	151,271	1.3%	731,416	1.3%	20.7%

* ABAG estimate

SOURCE: Association of Bay Area Governments; Alameda County Admin. Office

POPULATION**Ten Largest California Counties - January, 1989**

<u>Rank</u>	<u>County</u>	<u>Population</u>
1	Los Angeles	8,650,300
2	San Diego	2,418,200
3	Orange	2,280,400
4	Santa Clara	1,440,900
5	San Bernardino	1,324,600
6	ALAMEDA	1,252,400
7	Riverside	1,014,800
8	Sacramento	988,300
9	Contra Costa	775,500
10	San Francisco	731,700

SOURCE: State Department of Finance

- With over 1.25 million residents, Alameda County is now the sixth largest county in the state and the second largest in the Bay Area.

Unemployment

Throughout the past decade, Alameda County's unemployment rates fluctuated in line with Bay Area rates. Our unemployment rates have been slightly higher than in the Bay Area as a whole, but consistently lower than rates statewide and in the rest of the nation. Unemployment rose briefly in the wake of the recession of the early 1980s, but has fallen steadily since then. The Employment Development Department anticipates that unemployment will hover between 4.5 and 5.0 percent for 1989 and 1990.

UNEMPLOYMENT**California, The Bay Area and Alameda County -- 1980-1987**

<u>Unemployment:</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Alameda County	6.4	6.9	9.4	9.3	7.0	6.6	6.1	5.1
Bay Area	5.6	6.3	8.2	7.8	6.0	5.8	5.5	4.6
California	6.8	7.4	9.9	9.7	7.8	7.2	6.7	5.8

SOURCE: Employment Development Dept.; Center for Real Estate and Urban Economics

SUBCOUNTY PROFILE

Oakland is the largest of Alameda County's 14 cities with 356,000 residents. Fremont, Hayward and Berkeley are the next largest cities, with 1988 populations of 148,500, 123,500 and 107,700, respectively.

Most residents live in a narrow corridor between San Francisco Bay and the East Bay hills, from Berkeley and Oakland in the north and Fremont and Newark in the south. From Albany to Hayward, the county is largely urbanized, with many older residential and industrial areas. The cities to the south of Hayward are urbanizing rapidly, but still have substantial buildable land. The predominantly suburban and rural Livermore Valley is also experiencing rapid urban development.

POPULATION OF ALAMEDA COUNTY AND INCORPORATED CITIES 1980 and 1988

	<u>1980*</u>	<u>1988**</u>	<u>Change</u>
Alameda County	1,105,379	1,242,400	12%
Alameda	63,852	75,800	19%
Albany	15,130	15,600	3%
Berkeley	103,328	106,300	3%
Dublin	----	21,950	N/A
Emeryville	3,714	4,900	32%
Fremont	131,945	164,400	25%
Hayward	94,167	102,900	9%
Livermore	48,349	56,200	16%
Newark	32,126	39,200	22%
Oakland	339,337	356,100	5%
Piedmont	10,498	10,400	-1%
Pleasanton	35,160	48,250	37%
San Leandro	63,952	66,700	4%
Union City	39,406	49,900	27%

* Census of Population, April 1980.

** California Department of Finance estimates.

Source: Employment Development Department; Alameda County Admin. Office

Currently, over 60% of jobs in the county are clustered in north county cities (from Albany to San Leandro), while south county cities (from Hayward to Fremont) account for another 25%. Dublin, Livermore and Pleasanton currently provide a tenth of the county's jobs.

Over the last decade, job growth rates have varied within Alameda County. Growth in the south and east county cities greatly outpaced the north county's growth. As a result, the southern and eastern parts of the county are providing an increasing share of total county employment; however, low unemployment rates in these areas may constrain future job growth.

EMPLOYMENT PROFILE
Alameda County and Subareas

	<u>North County Cities (1)</u>	<u>South County Cities (2)</u>	<u>East County Cities (3)</u>	<u>Alameda County</u>
Employment (1989)(4)	330,902	187,248	51,386	663,000
Share of County Employment	61%	26%	10%	100%
1980-1990 Job Growth(5)	34,421	43,348	32,266	111,242
Avg. Annual Growth Rate	1.0%	3.1%	6.9%	2.0%
Unemployment Rate (1988)(6)	5.4%	4.3%	2.8%	4.5%

(1) North County Cities include Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont and San Leandro.

(2) South County Cities include Fremont, Hayward, Newark and Union City.

(3) East County Cities include Dublin, Livermore and Pleasanton.

(4) Association of Bay Area Governments; Economic & Planning Systems

(5) Association of Bay Area Governments; Economic & Planning Systems

(6) State of California Employment Development Department; Economic & Planning Systems

SOURCES: Association of Bay Area Governments; State of California Employment Development Department; Economic & Planning Systems; Alameda County Administrator's Office.

Lopsided growth rates have created speculation that east county growth is coming at the north county's expense. However, the Committee concluded that there is little reason to believe that these areas are natural rivals -- and that, in fact, competition among our cities for business is both wasteful and irrational. Some businesses have indeed relocated from the older cities to the suburbs, for a variety of reasons, but this trend is occurring in all metropolitan areas in the country. Instead, the Committee found that each county subarea has achieved a certain degree of economic specialization:

- North county cities have a high concentration of office and government jobs, finance, insurance, real estate and business service industries. This area is also strongly oriented to transportation and distribution activities as well as manufacturing.
- South county jobs are concentrated in manufacturing and wholesale, reflecting the importance of industrial activities in Fremont and other cities in this area.
- Service sector employment dominates the Livermore Valley economy. This sector's strength stems from the business and personal service employment centered in and around the area's large-scale office developments.

EMPLOYMENT CONCENTRATION
Alameda County and Subareas

	<u>North County Cities</u>	<u>South County Cities</u>	<u>East County Cities</u>	<u>Alameda County</u>
Agriculture and Mining	0%	1%	1%	1%
Manufacturing/Wholesale	21%	30%	21%	23%
Retail	15%	23%	24%	18%
Services	31%	24%	33%	28%
Other*	33%	22%	21%	29%
Total	100%	100%	100%	100%

* Includes construction, transportation and public utilities, FIRE (Finance, Insurance and Real Estate), government and other employment.

- (1) North County Cities include Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont and San Leandro.
- (2) South County Cities include Fremont, Hayward, Newark and Union City.
- (3) East County Cities include Dublin, Livermore and Pleasanton.

SOURCE: Association of Bay Area Governments; Economic and Planning Systems; Alameda County Administrator's Office

Specialization does not imply that these "sub-economies" are self sufficient. Rather, they complement and reinforce each other by providing necessary economic linkages. For example, a business located in one sub-area draws on workers, suppliers, services, and facilities throughout the county. Its presence creates a ripple effect of economic activity throughout the county; conversely, if these linkages were not available, the company might not have located in the county in the first place.

In terms of economic potential, the sum of Alameda County's three sub-areas greatly exceeds their separate parts.

THE ROOTS OF PROSPERITY

Alameda County's strong economic performance of the past two decades was based on a solid array of competitive assets -- and plain good luck. Our advantages have included a large, well-educated labor force, proximity to top universities, world class shipping and airport facilities, and access to major domestic and international markets. The Bay Area's mild climate and superb array of cultural and recreational resources helped attract high value businesses and talented workers. The county's central location, and extensive transportation facilities have also made it a natural regional transportation and distribution hub.

Alameda County also profited from being in the right place at the right time. The Bay Area's booming economy fueled growth in Alameda County and will continue to drive our future. High technology firms continue to relocate out

EMPLOYMENT DISTRIBUTION BY SECTOR 1989

	Number Employed			
	<u>Alameda County</u>	<u>% of County</u>	<u>Bay Area</u>	<u>% of Bay Area</u>
Agriculture and Mining	3,389	1%	31,545	1%
Manufacturing/Wholesale	139,620	23%	731,054	24%
Retail	111,446	18%	544,755	18%
Services	179,427	30%	869,096	30%
Other*	174,200	29%	880,923	29%
Total	608,082	100%	3,057,373	100%

* Includes construction, transportation and public utilities, FIRE (Finance, Insurance and Real Estate), government and other employment.

SOURCE: Association of Bay Area Governments; Economic and Planning Systems; County Administrator's Office

of Silicon Valley into southern Alameda County. At the same time, we are in an excellent position to capitalize on burgeoning Pacific Rim trade opportunities.

Our economic diversity is an important competitive strength. Alameda County's employment distribution mirrors that of the entire Bay Area. This diversity helped cushion the effects of a difficult period of recession and restructuring in the early 1980s. Because no one sector dominates the economy, we are less vulnerable to recessions or cutbacks in a single industry.

INDUSTRY AND EMPLOYMENT TRENDS

However, our economy is in a state of flux. The dramatic restructuring of Alameda County's employment base over the past decade is illustrated below. In 1980 manufacturing employment in the county roughly equaled service industry employment; by 1986 both service and retail industries surpassed manufacturing in employment.

EMPLOYMENT BY MAJOR SECTOR 1980 and 1986

SECTOR	Share of Total Economy		
	1980	1986	Change
CONSTRUCTION	7.2%	6.1%	-1.1%
MANUFACTURING	24.1%	18.4%	-5.7%
TRANS./PUBLIC UTIL./COMMUNICATION	7.0%	7.8%	+0.8%
WHOLESALE TRADE	8.8%	9.9%	+1.1%
RETAIL TRADE	20.7%	21.9%	+1.2%
FIRE	7.0%	6.7%	-0.3%
SERVICES	32.7%	24.6%	+3.9%

SECTOR	Alameda County Employment (1980-1986)	
	Change	Percent Change
CONSTRUCTION	-942	-3.5%
MANUFACTURING	-11,241	-12.4%
TRANS./PUBLIC UTIL./COMMUNICATION	+7,324	+27.6%
WHOLESALE TRADE	+9,492	+28.7%
RETAIL TRADE	+16,675	+21.4%
FIRE	+2,468	+9.3%
SERVICES	+30,329	+32.7%

SOURCE: County Business Patterns; County Administrator's Office

Services comprised the fastest growing sector in this period, adding over 30,000 employees -- an increase of 32.7%. By contrast, the county lost over 11,000 manufacturing jobs in this same period. The shift from manufacturing to services is a nation-wide trend; however, the restructuring has been substantially more pronounced in Alameda County than in the nation as a whole.

The business service industry expanded most rapidly in this period, adding over 10,000 new jobs to the economy. Health services, the largest source of private sector employment in the county, also showed strong growth. On the other hand, basic manufacturing industries such as auto making, food processing and steel experienced severe job losses in this same period.

EXPANDING AND CONTRACTING INDUSTRIES IN ALAMEDA COUNTY
1980-1986

Fastest Growing Industries

RANK	INDUSTRY GROUP	EMPLOYMENT			
		1980	1986	CHANGE	%CHANGE
1	Business Services	21,082	31,993	10,911	51.8%
2	Eating and Drinking Places	20,708	29,465	8,757	42.3%
3	Wholesale -- durable goods	20,220	24,584	4,364	21.6%
4	Health Services	29,247	33,167	3,920	13.4%
5	Communication	7,500	10,391	2,891	38.5%

Contracting Industries

EMPLOYMENT

RANK	INDUSTRY GROUP	1980	1986	CHANGE	%CHANGE
1	Transportation Equipment	9,919	5,681	(4,238)	-42.7%
2	Fabricated Metal Products	10,245	7,512	(2,733)	-26.7%
3	Primary Metal Industries	4,299	2,623	(1,676)	-39.0%
4	Food Processing	12,539	11,035	(1,504)	-12.0%
5	Banking	6,638	5,300	(1,338)	-20.2%

SOURCE: County Business Patterns; Alameda County Admin. Office

THE COSTS OF CHANGE

Though long term economic change is inevitable, it is important to recognize that the contraction of our manufacturing base has exacted a heavy cost. For example, the 1986 IMO Delaval plant closure resulted in a total cost of \$5.6 million in lost tax revenues and increased unemployment, welfare and social security costs for local government over a two year period. The loss of thousands of high-paying, low skill factory jobs left many county residents with few employment options. Our communities are now bearing the social cost of a growing displaced population -- increased crime, homelessness, substance abuse and child abuse.

As we move toward the next century, we must face the fact that many residents do not have a place in the new economy.

V.
ECONOMIC OUTLOOK

The Committee found that we have been coasting on the economic momentum built up over the past decade. At first glance, it appears that Alameda County will continue its strong performance. But signs of trouble are already visible. Unless we deal with some serious emerging issues, our economy will grind down in the 1990s -- and sputter into the 21st century.

PROJECTIONS

After six years of steady, strong expansion, Alameda County should continue to grow, although at a slower rate. ABAG projects that employment growth will slow from 2.0% per year in the 1980s to 1.5% per year between 1990 and 2005.

Projected Population and Employment Changes
Alameda County
1990-2005

	<u>1990</u>	<u>2005</u>	<u>Total 1990-2005 Growth</u>	<u>Annual Average Growth</u>	<u>Annual Average Growth (%)</u>
Employment	622,400	776,900	154,500	10,300	1.5%
Population	1,256,650	1,414,000	157,350	10,490	0.8%
Labor Force	665,800	789,900	124,100	8,273	1.2%

Source: ABAG Projections '87

CONSTRAINTS

The Committee believes that even these fairly modest projections greatly overstate Alameda County's true economic potential. They are based on several critical assumptions about the county's ability to accommodate future growth:

- Costly transportation improvements must be made merely to maintain current congested traffic conditions.

- To accommodate new residents, housing supplies must expand substantially -- though existing local land use policies severely limit potential residential development.
- By the year 2000, available jobs will exceed our resident workforce. To fulfill its job generating potential, Alameda County will need to attract workers from neighboring counties; however, these areas will have their own labor shortages, due to slower population growth throughout the Bay Area.

These constraints will dampen business investment by more than the projections suggest. Slow growth is not in itself cause for concern. However, the Committee believes that the expected slowdown is a symptom of a far more serious threat -- a long term decline in Alameda County's fundamental economic competitiveness.

THE WARNING SIGNS

In the past decade, the county lost manufacturing jobs at over 150% of the national rate. We lost basic manufacturing -- auto, truck and tractor makers, food processing and steel plants -- at over four times the national average. In part, the decline in local manufacturing is a manifestation of trends occurring on a national and global scale. But the losses have been particularly sharp in Alameda County -- and continue to accelerate. Between July and December of 1989, the county lost over 2,500 manufacturing jobs due to plant closures.

A recent poll of Bay Area manufacturing companies, one fifth of whom are located in Alameda County, indicated that more than half were considering relocating or expanding outside of the area. Why? Though we have always been a comparatively high cost area, the problems of doing business here are multiplying. Consider the following:

- Traffic congestion is choking the circulation of people and goods.
- Skyrocketing housing costs are driving up the cost of doing business -- and driving out the workforce.
- A shortage of skilled labor is a growing problem for employers trying to fill increasingly technical blue and white collar jobs.

These problems are a heavy burden on industries already struggling to compete in global markets. The Committee believes that as a result, our manufacturing losses go beyond what we should expect from the manufacturing-to-services shift alone. More critically, our liabilities are beginning to erode our overall competitive edge in service and high tech industries as well.

PROSPERITY OR DECLINE?

A strong economy is fundamental to our quality of life, the health of local business and the self-sufficiency of local government. The Committee urges all groups in the county to recognize their stake in addressing the tough economic challenges we face:

With our enviable array of resources and opportunities, Alameda County should have a solid economic future. But we can no longer afford to take the strength of our economy for granted. The Committee believes that unless we act decisively, we will continue to lose economic stature -- and prosperity will be replaced by stagnation and decline.

The Stakes for Local Government

The increasingly tenuous fiscal position of local government should make us acutely aware of the importance of maintaining our economic vitality. In the decade since the passage of Proposition 13, city and county government officials in Alameda County have struggled to balance budgets with a drastically reduced revenue base. State transfers and rapid economic expansion partly compensated for lost revenues, but long term fiscal stability remains elusive.

Older cities, burdened with a slow-growing revenue base, aged infrastructure and large social service demands have generally suffered the most. Faster growing cities have been able to finance capital costs through fees and assessments and assessments on new development provide better support for operating budgets. At the County level, sharply rising demand for health, welfare and public protection services far outpace available financing.

To conserve dwindling resources, the County and several cities have been forced to perform "fiscal triage" - dealing with the most critical needs first, deferring those less critical, and overlooking all "non-essential" expenditures. Investments in long term housing, transportation, education, and public amenities have been deferred to maximize revenues for current expenditures. Short run costs are being funded -- but at the expense of long term economic and revenue stability. Our economic resources are now deteriorating to the point where substantial new investment will be required merely to maintain their current overburdened state.

If the economy falters, tax revenues will fall, just as the social and fiscal costs of unemployment -- higher public assistance loads, crime and substance abuse -- increase. The result will be a downward spiral of deteriorating services and infrastructure, lower quality of life, stagnant business investment, rising unemployment costs, falling revenues and further budget cuts.

The Private Sector's Stake

If local government cannot maintain adequate public services and infrastructure, business will bear the cost -- and not just through higher taxes and fees. The quality of local transportation, housing and education are central business issues. As traffic, housing costs and labor problems impact the bottom line, local business will find it increasingly difficult to operate profitably in Alameda County. Moreover, if we lose economic momentum, vital business linkages will be lost too. Despite the rise of so-called "footloose" industries, the Committee believes local companies want to stay in Alameda County -- if we can resolve our growing competitive liabilities.

A FRAMEWORK FOR ANALYSIS

It is critical to recognize that the conditions underlying our current prosperity have changed. This Report focuses on three problem areas that will shape our short and long term economic future:

- Managing Growth
- Maintaining a Competitive Workforce
- The Business Climate

The following section outlines the Committees findings and recommendations concerning these three critical issues.

VI.
CRITICAL ISSUES:

A. MANAGING GROWTH

FINDINGS

1. The Down-Side of Growth

Growth-related problems -- congestion, housing shortages and sprawling development -- are undermining the county's livability and economic vitality.

a. Congestion

Congested roads and grueling commutes are an increasingly familiar aspect of living, working and doing business in Alameda County.

Traffic problems undermine some of Alameda County's key competitive strengths. Alameda County's strategic trade location and extensive transportation facilities are powerful economic advantages. But congested roads and bridges are choking the transportation network. The Port of Oakland's ability to compete for West Coast shipping is seriously diminished when drayage cannot move freely in and out of the area. Clogged freeways also cost local businesses substantial time and money.

Long and unpleasant commutes and leisure hours wasted in traffic increasingly offset the county's attractiveness as a place to live. Given how important our quality of life is to attracting businesses and new talent, the economic costs of gridlock are clear.

b. Housing Crisis

A critical shortage of affordable housing is driving up business costs, and driving out the workforce. With home prices and rental costs among the highest in the nation, the housing crisis in Alameda County is a serious economic liability.

For most residents, the spiraling cost of housing in the eighties means a lower standard of living in the nineties; for many others, it has meant homelessness. Although the poor are the most severely displaced, the affordable housing shortage places a heavy burden on young and middle class residents as well. With good quality, moderately priced

rental units scarce -- and buying a house virtually impossible -- they are moving out of Alameda County. Ultimately, their jobs will follow them to Contra Costa County and the San Joaquin Valley, or further, to Denver, Portland, Seattle and other areas offering an affordable, high quality lifestyle.

Residents fortunate enough to have purchased homes before prices skyrocketed out of sight may resist housing development to preserve their inflated equity. But it won't be long before the long term impacts of the housing crisis -- high costs, labor shortages and congestion -- drive business away, and a faltering economy wipes out this windfall.

c. Environmental Hazards

Alameda County residents were in the vanguard of the nation's environmental movement. Citizen activists and public leaders have fought hard to protect unique natural resources, improve public transportation systems, set aside recreational preserves and maintain the stunning scenic beauty of this region. Because of their efforts, many of these resources are under the protection of the East Bay Regional Park System as well as a plethora of environmental resource agencies.

Even so, the tension between development needs and environmental concerns continues. The problem is that the debate over growth often boils down to a stark choice: a healthy economy or a healthy environment. This polarization obscures a crucial point. Though they sometimes clash, economic development and environmental objectives are not mutually exclusive. On the contrary, clean air and water, attractive scenery and a high quality of life are integral to this area's economic success. And a healthy economy produces the fiscal resources needed to purchase open space, set aside sensitive wildlife areas, monitor pollution and clean up toxic sites.

To optimize our quality of life, therefore, it is important to maximize both economic and environmental objectives. But without a comprehensive plan that balances environmental stewardship with economic development, our elected officials can expect continued pressure to make choices between the two.

d. A Growing Jobs/Housing Imbalance

Increasing numbers of workers are moving to peripheral areas of the county and beyond, where most housing development is taking place. Business growth is also decentralizing, the result of congestion and high operating costs in the North County and Silicon Valley, the availability of an educated suburban workforce, and pro-development

city policies. Traditional suburb-to-city commutes have been replaced by scattered cross-commutes to all parts of the county. The resulting dependence on auto transport, the longer and more dispersed commutes, and heavy traffic on secondary roads add up to more congestion.

Existing developable land and in-fill opportunities could remedy the shortage of housing near job centers. However, our cities compete for revenue-rich commercial development and avoid revenue-draining housing development. The fiscal benefits of this strategy are short-lived. Without the workforce to fill new jobs, the expected revenues from employment-generating uses simply will not materialize. Instead, we have spiraling housing costs, long commutes on increasingly congested roads, more air pollution, and rising business disaffection with Alameda County.

2. Pressure for Better Growth Management

Throughout California, citizen frustration over growth problems has created a flurry of no-growth drives. To date, there has not been a strong anti-growth initiative in Alameda County. But as our quality of life, environment and physical resources continue to deteriorate, demands to control growth are inevitable. Pressure will also come from Sacramento, where the state legislature is preparing to step into the vacuum left by local government inaction. During the 1988-89 legislative session, the Legislature considered over 52 bills to improve local growth management efforts. To retain control of our future, the cities and the county government must take action to improve growth management.

The Committee recognizes that growth problems in Alameda County are related to development patterns in the Bay Area as a whole. But in the absence of a nine-county initiative, Alameda County must proceed with a county-wide effort.

3. Limitations to Present Growth Management Efforts

The rapid growth of the past two decades exposed a serious flaw in the way we currently plan for development in Alameda County.

a. Absence of County-Wide Land-Use Planning

It is not enough for each city to manage its own growth. Planning decisions in one jurisdiction create spillover effects in others. With each city acting on its own, it is unlikely that a mutually acceptable solution to our growth problems can be found. Land use policies that allow for adequate county-wide residential development offer the best

hope for resolving the jobs/housing imbalance and its resulting traffic, housing and labor market impacts. But as long as land use decisions are shaped entirely by local interests, conditions will inexorably worsen.

However, there is no vehicle for dialogue among our cities on land use matters. Therefore, as a first step toward a county-wide growth management plan, Alameda County needs a forum for interjurisdictional dialogue on land-use and other local policies that affect growth.

b. Lack of Inter-Agency Coordination on Growth Management

There is currently no mechanism to coordinate transportation, economic development, infrastructure, pollution control and land use issues in relation to growth management. Existing county-wide entities, such as the Local Agency Formation Commission (LAFCO), are not equipped to manage communication and coordination among the multiple agencies whose actions affect growth.

c. Absence of Vision of the Future for Growth

The Committee found that Alameda County lacks a common vision of the future for growth. Planning decisions made now will substantially determine the future character and pace of development in Alameda County, with important implications for lifestyles, the environment and the economy. Without a firm concept of how Alameda County should grow, planning will continue to be guided by short-term political and fiscal considerations.

Growth places conflicting demands on policy-makers. For example, the pressing need for more housing competes with open space objectives. To set the parameters for a growth management strategy, we must first have a set of broadly accepted goals reflecting the community's hopes and needs for the future. The Committee believes that a growth management policy project, under the direction of a broad-based ad hoc task force, needs to be initiated to help define a consensus vision and develop a county wide strategy for future growth. We urge that this group consider bold, innovative options to reconcile the community's diverse needs and interests.

For example, high density housing development close to transit and job centers will help relieve congestion and housing problems. By minimizing urban sprawl, this land use pattern would protect open space and reduce polluting auto use. It also makes a clear choice of urban over suburban development, a choice that runs counter to the American "ideal" of the detached, single family home. For Alameda County, however, that ideal may no longer reflect the reality of our situation.

RECOMMENDED ACTION

1. Establish an Alameda County Planning Forum

The Alameda County Board of Supervisors and the Alameda County Mayors Conference should jointly establish an ongoing county-wide Planning Forum, to be comprised of the planning directors from each of the 14 cities and the county government. The Alameda County Planning Forum will serve as a permanent vehicle for county-wide cooperation and coordination on local land use planning decisions. Initially, this group shall have the following functions:

- Provide a forum for dialogue among all jurisdictions in the county;
- Coordinate land-use decisions with regional transportation, pollution control, infrastructure and solid waste agencies;
- Assist in the development of a county-wide growth management plan for Alameda County.

In the future, the Forum may be empowered to implement a county-wide growth management system.

2. Initiate a Growth Management Policy Project

An Ad Hoc Growth Management Task Force, comprised of a broad spectrum of organizations and interest groups throughout the county, including civic associations, elected officials, developers, environmentalists and the business community, should be appointed.

The Task Force will direct a growth management policy project. Their objectives for this project will be to:

- Hammer out a common set of goals and objectives; and
- Develop a county-wide growth management strategy in line with a consensus vision of the future for growth in Alameda County.

The Planning Forum may be used as a technical resource group to assist the Growth Management Task Force as needed.

The Committee recommends that the Growth Management Policy Project include (1) a technical research phase to identify growth issues and options for Alameda County and (2) public hearings. The Task Force should develop a proposal outlining a county-wide growth management strategy, along with proposed structural and policy changes to carry it out, and present this proposal to the Alameda County Board of Supervisors.

CRITICAL ISSUES:

B. MAINTAINING A COMPETITIVE WORKFORCE

FINDINGS

A well-qualified workforce force helped build Alameda County's economic success. For decades, manufacturing and distribution industries have drawn on an ample supply of skilled blue collar employees. In more recent years, services and high tech manufacturing are booming, aided by access to top quality management, technical and administrative talent. But our workforce is beginning to lose its competitive edge.

1. Declining Labor Force Competitiveness

In the past, the quality and size of our labor force offset comparatively high wage costs and heavy unionization. Now, labor shortages and declining skill levels have eroded that advantage. Alameda County is not alone on this problem. Due to the post-baby boom population drop, companies in all parts of the country are having trouble filling entry-level jobs. At the same time, falling basic skill levels among high school graduates is a nation-wide phenomenon.

But the Committee found that these problems are particularly serious in Alameda County, for several reasons:

a. Structural Unemployment

The Committee found that a substantial proportion of Alameda County's workforce is unqualified to fill the jobs of the future. The problem involves both displaced workers and new entrants to the labor force.

High paying manufacturing jobs, once a mainstay of our economy, are in increasingly short supply. Service job opportunities, by contrast, are booming -- but displaced factory workers aren't necessarily equipped to fill them. Services are often associated with low wage, low skill jobs. But in Alameda County, this sector is composed heavily of industries employing a high proportion of professional, technical and administrative workers. The language and technical skills required in these jobs constitutes a significant employment barrier for many of our residents.

At the same time, new technologies and management processes have altered the nature of work in factory and office alike. Even traditional blue collar jobs demand more sophisticated and varied skills than in the past. Workers increasingly need some proficiency in computers and advanced technical equipment, and must be able to follow more complex and variable routines than required in conventional

production systems. The Committee believes that a significant number of our workers are not making the transition to new jobs. For example, two years after the IMO Delaval plant closed in Oakland, a significant number of the laid-off workers remained unemployed -- even after they had been retrained.

The Committee found that our structural employment problems are likely to increase in the foreseeable future -- and not just because of the latest round of plant closures. The Committee found that new entrants to the labor force lack basic literacy and technical skills. Factory and office managers county-wide report trouble finding workers who are motivated, who can learn on the job, and who have basic communication skills.

b. Housing Problems and the Labor Shortage

The Committee found that high housing costs are a primary factor in our labor shortage. The housing shortage places a particularly heavy burden on low and middle income families and on young employees just starting out. In search of affordable housing, these workers are leaving Alameda County.

In the past, Alameda County counted on a steady population increase to fuel its job boom. But the high cost of living here is deterring potential residents; employers already report that they are unable to attract new talent, even at premium salaries.

High living standards and ample housing in competing regions are making it very difficult for Alameda County to hold on to skilled blue-collar workers, to the young, and to the middle class. On the other hand, the poor and underskilled will be left behind. The result will be a confounding combination of unemployment and labor shortages.

The Committee finds the implications of these trends to be disturbing. In essence, Alameda County could be evolving into a rich/poor society. Apart from the very undesirable social consequences, this trend also jeopardizes our economic and fiscal well-being. To maintain a healthy, diverse economy, Alameda County must maintain a balanced workforce.

2. Limited Effectiveness of Vocational Training Efforts

Vocational training programs exist throughout the county to provide workers with the skills and experience they need on the job. But their effectiveness in serving both workers and employers is limited by several factors:

a. Funding constraints

Inadequate funding is a major barrier to training efforts. Continuing education classes are a favorite means for employees to upgrade their skills. Despite solid demand for such classes, the State has capped adult education funding. At the same time, the State placed tight controls on the discretionary use of training funds. The cap forced one school district in the county to abandon a highly-praised program which provided special training for individual companies.

b. Poor coordination among vocational agencies

There is no central job training agency in Alameda County or in the Bay Area as a whole. Training efforts are split primarily between Job Training Partnership Act-funded agencies, including Private Industry Councils (PICs), and the local education institutions, including high schools and community college. These two systems are further divided by differing goals, curriculum and funding source. The Committee found that the lack of coordination between JTPA agencies and educational institutions leads to wasteful duplication of services in some instances, and insufficient efforts in other areas, allowing many students to 'fall through the cracks.' The lack of inter-agency coordination also inhibits the exchange of information about job and training opportunities.

c. Poor communication with the private sector

Insufficient contact between industry and educators often results in training programs that do not meet employer needs. For example, administrators relying on job forecasts may train an oversupply of workers for one occupation and overlook skilled labor shortages in other fields.

To ensure that programs provide workers with skills for which there is and will be genuine demand, we must increase the private sector's role in the vocational training system. There are examples around the county of private sector participation improving the relevance and impact of job training programs.

For example, New United Motors (NUMMI) presently works with Ohlone College in implementing a leadership program for team leaders. Curriculum was jointly developed with the assistance of two full time company staff members using the company's operating concepts. NUMMI also has agreements with a network of nine community colleges for technical training and recruitment for both entry-level apprentice technicians and retraining for existing workers.

The Alameda County Industry/Education Council, comprised of industry, unions and educators, has developed projects to help workers develop the skills needed by industry. However, their efforts are constrained by limited funding and under-visibility. Moreover, their emphasis has been on training for service industries; they do not have the scope for broader occupational training needs.

d. Bias Against Vocational Training

The shortage of skilled blue collar labor may also be the result of educational policies and cultural attitudes discouraging high school students from pursuing vocational opportunities.

Many parents, viewing a college degree as a measure of success, steer their children onto an exclusively academic track. This bias is reinforced by trends in high school curricula since Proposition 13. Simply put, academic classes cost less per student than typing, woodworking, metal shop or industrial arts courses. Students who are not academically inclined but would excel in vocational classes are deprived of a chance to succeed in school. Discouraged, they drop out -- before they have acquired the basic skills needed to perform well on the job. As a result, many end up dropping out of the workforce too. Those who do seek vocational training lose months catching up on basic reading, writing and math skills.

Rather than waste adult education resources on remedial training, it would be far more efficient to keep our students in high school building academic and vocational skills.

e. Special Training Needs

Existing vocational training resources are not equipped to handle growing numbers of participants who need remedial training before they can learn more advanced technical skills. At the same time, immigrants from a wide variety of cultural and linguistic backgrounds now constitute one of the fastest growing segments of our population; this group requires intensive language and technical preparation before they can fully participate in the workforce.

3. Lack of Business Involvement In K-12 Education

The quality of K-12 education is a bottom line issue for business. Today's school children are tomorrow's employees. If they fall behind now, business will fall behind in the future. Given its stake in an educated workforce, the business community must take a more active role in improving the quality of local workforce preparation. In the past, the business community in Alameda County was more involved in public education -- consulting with high school business departments, sitting on school boards.

This relationship must be reestablished to help schools prepare students for the job market. Options to increase private sector support and involvement in K-12 education system include financial assistance, partnership programs, mentoring, and employment incentive programs for graduating students. Programs could be targeted at potential high school dropouts; a guarantee of employment could motivate students to stay in school and keep up their grades.

4. The Role of Higher Education

The Committee believes that the community colleges in Alameda County have been vastly underutilized in local business development efforts. In other parts of the country, community colleges are an integral part of the local economic development team. The Committee believes that our ability to attract and retain business will be increasingly dependent on providing employers with an adequate supply of technically-qualified workers. We must ensure therefore that community colleges have a central role in planning our economic future.

The excellent higher education resources available in this community should also be brought in to help upgrade K-12 schools. Support from universities can come in the form of faculty and graduate student assistance in curriculum planning, resource management assistance and program analysis. The Committee suggests the Education and Youth Project of the University-Oakland Metropolitan Forum be used as a model for a county-wide University/K-12 education partnership.

RECOMMENDED ACTIONS

1. The Committee recommends that the Alameda County Superintendent of Schools, with the support of the Board of Supervisors, initiate a 3-year pilot Industry and Education Project. The goal of this project will be to facilitate public and private resources into building a workforce that is qualified for current and future job opportunities. The programs should target opportunities to improve the effectiveness of both K-12 and vocational education in developing a competitive workforce.

The Committee suggests that the project include the following program elements:

- Build a network of business support for community schools.
- Connect community schools to higher education resources in the area.
- Develop mechanisms to coordinate vocational training and apprenticeship efforts in the county.

- Organize a joint education, business and labor lobby to advance educational reform for vocational training in both high schools and adult educational programs.
2. The Committee encourages local businesses to convene an on-going business and education committee with the objective of maintaining private sector support and involvement in K-12 and vocational training in the county. This group should coordinate with the Industry and Education Project in organizing roundtables and providing financial and technical assistance for their efforts.

CRITICAL ISSUE:

C. THE BUSINESS CLIMATE

FINDINGS

Public policy decisions in the areas of growth management and education will have a substantive impact on the health of the local economy. This section focuses on a less tangible but highly critical issue -- the business climate.

In essence, the business climate describes local government and community attitudes toward business. Unfortunately, the Committee found that Alameda County has gained an anti-business reputation -- despite strong efforts by public officials to attract and retain business in their communities.

The Committee found that local governments inadvertently drive business and industry away through slow permitting, an excessive tax burden, or indifferent treatment by city or county agency staff. At the same time, local business must navigate through a boggling array of city, county, regional, state and federal environmental requirements.

The Committee does not question the need for strong standards to protect the environment and maintain public health and safety. But a cumbersome regulatory system makes it difficult for business to comply -- and creates the impression that local government in Alameda County is hostile or indifferent to business.

1. Environmental Regulation

Stringent environmental regulation is a fact of life for companies located in the Bay Area. The Committee agrees that we should be prepared to trade some of our economic potential for clean air and water and to protect wildlife. As pointed out previously, a healthy environment is integral to this area's quality of life and is therefore in itself an important economic asset.

The problem is that permits may take months or even years to obtain, delaying or halting operations indefinitely. Moreover, agency jurisdictions frequently overlap in a given resource area, leading to conflicting standards and contradictory rulings. A designated project may have to receive separate approvals from local, regional, state and federal regulatory agencies, generating an excessive amount of paper work. The absence of coordination among these agencies creates unnecessary problems and costs for business.

Without compromising the integrity of environmental standards, agencies can help to clarify standards, procedures and authorities, and simplify permitting and appeals processes.

The Committee also believes that the current system creates a punitive, adversarial approach by limiting agency staff to negative roles -- i.e., stopping a proposed project; penalizing non-compliant firms. Too often, the result is a counterproductive, Catch-22 situation: companies seeking information on how to comply have been slapped with fines for not being in compliance.

At the same time, a company often has no idea if a project meets performance standards until after its application has been rejected. At that point, it must go back to the drawing board -- though it has no further indication of what it needs to do to achieve compliance. Rather than merely accept or reject a completed proposal, regulatory agency staff should be involved in a project from the start, working with business toward a common aim -- achieving compliance. This raises the problem of staff, funding and time constraints. However, it should be possible to establish a fee system to make early consultation feasible in most cases.

2. City and County Government Policies to Business

In the Committee's discussions with local business owners, problems were identified with city and county zoning and permitting processes. Complaints ranged from rudeness and misinformation from agency personnel to long delays and reams of red tape. Company expansions are often delayed indefinitely by problems in obtaining the necessary fire, health and zoning approvals. Standards within the same city or agency can vary without notice from year to year, causing even more confusion and frustration.

Regulatory problems are tremendously magnified for foreign companies unfamiliar with local procedures and standards.

Elected officials must provide the leadership to improve the business climate in their communities. Economic priorities must be communicated to all employees -- particularly those who deal with the private sector. City and county leaders must also communicate economic aims to the community at large, to build broad based support for local economic development. The Committee also urges local government officials to avoid 'killing the golden goose' with fees and tax assessments that are far out of line with the level of services received by the private sector.

3. Missed Opportunities

While we minimize the negative aspects of our business climate, we should also actively demonstrate to business that it is welcome in Alameda County.

Alameda County is in an excellent position to capitalize on foreign investment and joint venture opportunities. Currently, there has not been an organized county wide effort to market the area to overseas companies. Moreover, foreign firms which do show an interest in the county often do not understand local regulatory procedures and customs. To attract overseas investment, we therefore need to market ourselves more aggressively, and prepare to help foreign companies adjust to local conditions.

Small businesses are a valuable source of jobs and revenues, and add to the diversity of the local economy. However, small businesses also have special problems and needs. Entrepreneurs often need technical assistance as well as start-up loans and working capital in order to weather their tough first years. However, a survey of local small business financing needs indicated that many small business owners have trouble obtaining adequate credit. Existing technical and financing assistance programs available in the county are excellent, but too limited to reach a substantial number of business owners. As a result, we may be losing many otherwise viable businesses.

There are a broad range of options to encourage companies to locate or expand here, including site location assistance, an information clearinghouse, one-stop permitting, specialized training, technical advice, financial assistance and so forth.

These programs are generally highly cost effective in that they require a comparatively small outlay for the value received by business. Moreover, they are highly effective in promoting a pro-business image for government.

To ensure the highest return on our investment, we must avoid a scatter-shot approach. We recommend that the choice of programs in a county-wide business development effort be based on the following criteria:

- a. Programs should complement, not compete with, existing economic development efforts in the county.
- b. There should be a clear benefit to a county-wide program compared to an independent, city by city effort. For example, marketing and information clearinghouse activities are more logically carried out on a county-wide level. In addition to the economies of scale involved, this structure reflects the fact that business generally evaluates prospective areas as a whole. A central point of inquiry helps both local and prospectives obtain information and assistance more quickly than if they had to contact individual jurisdictions.
- c. Program efforts should be targeted to Alameda County's specific business development problems and opportunities. For example, we have identified foreign trade and small business development as two areas of untapped economic opportunity. At the same time, retention efforts should be aimed at stemming avoidable manufacturing losses.

RECOMMENDED ACTION

1. Alameda County Regulatory Council

The Board of Supervisors should invite representatives from environmental agencies with jurisdiction in Alameda County, including the Environmental Protection Agency, the Bay Conservation and Development Commission, the Air Quality Control Board, the Water Quality Control Board and the Army Corps of Engineers to form a permanent Alameda County Regulatory Council.

The Committee proposes that the Regulatory Council serve the following functions:

- Provide an ongoing forum for regulators, business and local government to identify common regulatory problems and seek mutually acceptable solutions;
- Inventory agency standards, rules and procedures to aid in the development of a regulatory information clearinghouse; and
- Consult with representatives from the business community to determine where avoidable problems are occurring in the regulatory process.

2. City and County Regulatory Simplification

The Committee urges each City and the County Government to initiate an internal regulatory review and simplification process. Possible actions include:

- Establish a one-stop permitting office to expedite business license and permit approvals;
- Convene a 'regulatory cabinet' of department heads to ensure economic development aims are carried out.
- Conduct an impact analysis of proposed new fees or tax assessments prior to their enactment.

3. Regulatory Coordinator

The Board of Supervisors should appoint a Regulatory Coordinator to organize the Alameda County Regulatory Council, and help establish dialogue between the business and regulatory communities. The Committee recommends that the regulatory coordinator also provide technical assistance to city and county government staff in implementing programs and policies to improve the local business climate.

4. Establish a County-Wide Business Retention and Development Program

The Committee recommends that the 14 Cities and the County Government jointly participate in a county-wide Business Retention and Development Program, to include the following activities:

- a. Information Clearinghouse
- b. County-wide Marketing Program
- c. Site Location Assistance
- d. Business Retention

5. Increase Financial and Technical Assistance for Business Development

The Committee recommends that financial and technical assistance programs need to be better coordinated and expanded. Specifically, there should be established:

- a. A financial institution roundtable to examine the financial needs of the business community.
- b. A county-wide clearinghouse of financial and technical assistance programs to improve access to services by business.

VII.

A CALL TO ACTION

We are at a crossroads. We can continue on our present course. If so, our future will hold more disinvestment, fiscal insolvency, economic stratification, and gridlock -- a lower quality of life for us all. Or, we can take charge of our future, and plot a course for long term prosperity.

The three-point economic agenda outlined in this report -- managing growth, maintaining a competitive workforce and building a positive business climate -- will put us on the right road. But first, we must be willing to break down the barriers that have prevented us from taking positive action in the past.

CONDITIONS FOR SUCCESS

Three conditions will be critical to the success of the county-wide economic development program outlined in this report:

1. A Collaborative Approach

To resolve the tough economic challenges we face, we must first be willing to work together for our mutual benefit. This means that traditional adversities and attitudes on all sides must change.

- Instead of competing among themselves, all cities and the county government must cooperate in developing balanced equitable solutions to multi-jurisdictional problems such as the jobs/housing imbalance and transportation planning.
- Better coordination and communication among public agencies at all levels of government is needed on issues ranging from regulation to vocational training to land-use planning.
- The public and private sectors must recognize their mutual interdependence and forge a working partnership to promote economic development.
- All sides should seek an optimal balance between Alameda County's economic potential and environmental quality, both of which are intrinsic to our quality of life.

2. Education

The Committee believes that all of us who live, work and do business in Alameda County must be made aware of the complex and inter-related nature of our transportation, housing, education and environmental issues.

At the same time, the community must be encouraged to take a broader, area-wide perspective on issues that transcend local borders. This is particularly true in the area of land-use planning, where trade-offs among competing needs and interests must be made in order to resolve critical transportation and housing needs.

3. Public and Private Leadership

The Committee recommends that the Board of Supervisors and the Mayors of each city jointly provide the leadership to carry out the programs and policies recommended in this report, and ensure that government actions at all levels are consistent with economic priorities.

At the same time, the Committee believes that the private sector must be a full and active partner in this effort. Business, labor and environmentalists must provide leadership and vision to communicate economic goals and priorities, and marshal public and private resources for economic development.

A VEHICLE FOR ACTION

Existing city and county economic development structures are limited in terms of the scope, authority and resources required to carry out the programs and activities recommended in this report. At the same time, the Committee did not want to duplicate existing roles and responsibilities, or merely create additional layers of bureaucracy. Instead, it sought to tailor a strategic economic development program to fit Alameda County's specific economic problems and opportunities.

The Committee felt that a prospective structure must:

- Target the most critical threats to Alameda County's economic competitiveness
- Be county-wide in scope, focusing on issues that transcend municipal borders (e.g. jobs/housing issues) or on projects that would provide economies of scale and area-wide benefits (e.g., marketing and information clearinghouse programs)
- Improve coordination and communication among key groups involved in the economic development process, including the 14 Cities, the County, business, labor, financial institutions, educators and regulatory agencies;
- Promote broad community awareness of the importance of a healthy economic and the trade-offs involved in reconciling our collective transportation, housing, environmental and economic needs;
- Leverage public and private leadership, resources and commitment for a sustained economic development effort in Alameda County.

PROPOSED ECONOMIC DEVELOPMENT MODEL FOR ALAMEDA COUNTY

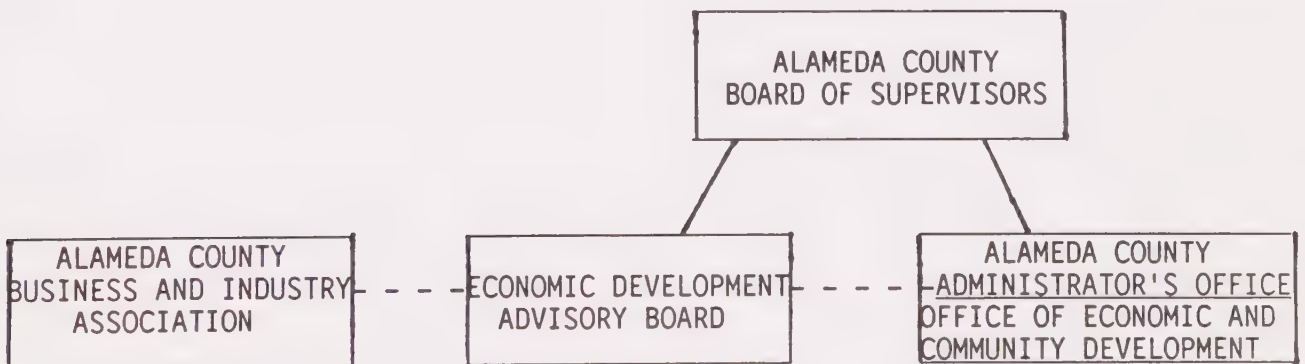
The Committee evaluated a variety of public and private economic development structures, as well as combined public/private models, throughout California and nationwide. It concluded that a joint public/private effort would reflect a shared commitment to improve the state of the economy and would facilitate communication and cooperation between the sectors. But the Committee also concluded that direct access to public policy-makers will be essential to carry out the specific economic agenda outlined in this report.

Accordingly, the Committee proposes that the 14 cities and the county government jointly establish, fund and participate in a county-wide economic development program.

The Committee strongly emphasizes that the program must have the full commitment and support of all Cities and the County Government. For practical reasons, however, the County is the appropriate vehicle to carry out a county-wide economic development initiative.

In the model outlined below, overall coordination is to be provided by the Alameda County Board of Supervisors, with the consent and backing of the Mayors of each city.

A blue ribbon, public/private Economic Development Advisory Board will provide policy guidance to the Board of Supervisors. Program development and administration will be carried out by the Alameda County Administrator's Office through the Office of Economic and Community Development.



The Committee proposes that a non-profit Alameda County Business and Industry Association be established to enable local businesses to become involved in county-wide economic issues. Through the Economic Development Advisory Board, the Association will have a direct voice on policies affecting the state of the local economy and the health of private business. The Association will also serve as a vehicle to generate financial and technical support for economic development projects and activities.

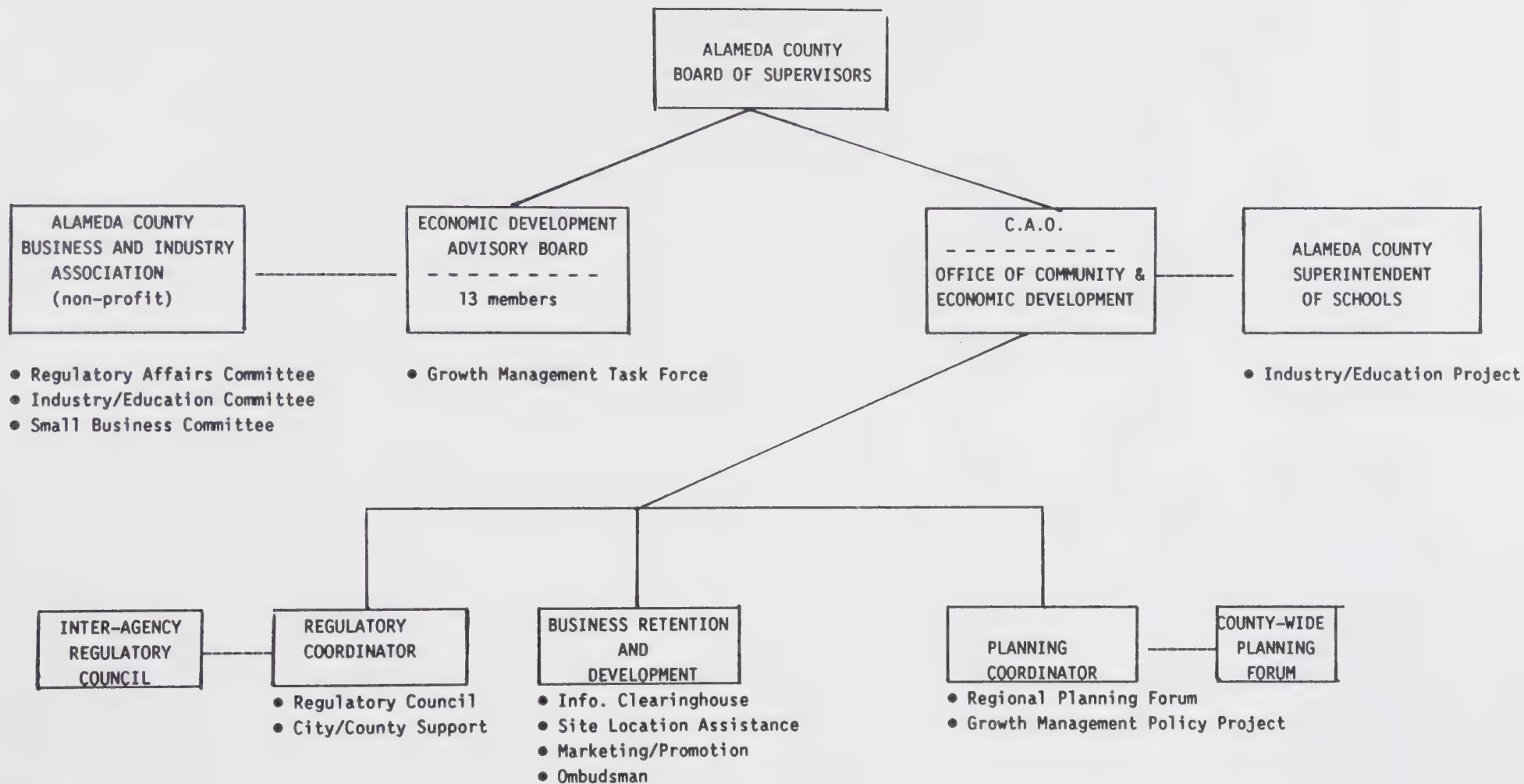
PROGRAM ROLES AND RELATIONSHIPS

Specific organizational roles and relationships in the proposed program are detailed in Appendix A of this Report.

APPENDIX A:

Organizational Roles and Responsibilities

-07-



ALAMEDA COUNTY BOARD OF SUPERVISORS

Role Provide leadership and direction for economic development efforts in Alameda County.

Membership Alameda County Board of Supervisors

Functions

- Establish economic development as a priority for Alameda County and promote the importance of a healthy economy to the welfare of Alameda County residents, businesses and local government.
- Establish policies and guidelines for administration of county economic development programs and activities.
- Encourage coordination and cooperation among the cities, the County, regional regulatory agencies and the private sector in resolving economic development problems.
- Encourage greater private sector participation in developing the community's economic, cultural and human resources.

ECONOMIC DEVELOPMENT ADVISORY BOARD

Role Provide oversight, guidance and support for economic development efforts in Alameda County.

Members 14 members, tentatively to represent the following:

- Port of Oakland
- Mayor – North County
- Mayor – South County
- Developer
- High Tech Industry
- Oakland Coliseum
- Retail
- Local University
- Superintendent of Schools
- Labor
- Heavy Industry
- Finance
- Service Industry
- Public Utility

Functions

- Advise the Alameda County Board of Supervisors concerning policies and programs affecting economic development in Alameda County.
- Consult with the Alameda County Business and Industry Association on issues affecting the local business community.
- Communicate business needs and concerns to County economic development staff.
- Formulate and establish long term economic development objectives and strategies for Alameda County.
- Assist County economic development staff in program planning and implementation.
- Recommend policy changes to improve the local business climate.
- Evaluate effectiveness of County economic development efforts.
- Convene an Ad Hoc Growth Management Task Force to carry out a growth management policy project.

ALAMEDA COUNTY BUSINESS AND INDUSTRY ASSOCIATION

Role Provide a forum for the participation by the private sector in issues affecting the economic welfare of Alameda County and the health of local business and industry.

Members Non-profit association of county business and industry representatives.

Functions

- Consult with Economic Development Advisory Board in development of programs and policies to improve local economic conditions.
- Communicate problems affecting the local business climate to the Economic Development Advisory Board.
- Provide a network for interaction among county businesses.
- Help generate financial and technical resources for county economic development efforts.

Suggested Committees

a. Regulatory Affairs Committee

The Committee recommends that the Alameda County Business and Industry Association establish a Regulatory Affairs Committee to serve as the primary liaison between the business community and the Alameda County Regulatory Council. The Regulatory Affairs Committee can assist the Regulatory Council in identifying solutions to avoidable compliance problems. This assistance can include the following:

- Conduct a survey of local businesses to identify most critical regulatory issues;
- Provide management expertise to help streamline procedures and cut back on red tape; and
- Examine funding alternatives for additional regulatory staff to facilitate compliance.

ALAMEDA COUNTY BUSINESS AND INDUSTRY ASSOCIATION (continued)

b. Small Business Committee

The Committee recommends that the Business and Industry Association establish a Small Business Committee to:

- Evaluate options to improve public and private support for small businesses in Alameda County;
- Assist the East Bay Small Business Development Center and other small business assistance providers in designing programs and delivery areas to meet demand; and
- Develop a proposal to expand credit resources available to small businesses, minority businesses and entrepreneurs in Alameda County.

c. Industry/Education Committee

The Committee recommends that the Business and Industry Association convene an ongoing industry/education committee. The objective of this group would be to help generate and maintain private sector support and involvement in K-12 and vocational training in the county. This group would coordinate with the Industry and Education Project in organizing roundtables and providing financing and technical assistance for their efforts.

COUNTY ADMINISTRATOR'S OFFICE

- Role** Plan, organize and administer economic development programs and activities in accordance with policies and guidelines established by the Board of Supervisors and under the functional oversight of the Economic Development Advisory Board.
- Staff** The Office of Community and Economic Development will be expanded in the Alameda County Administrator's Office, with additional staff retained to implement the activities proposed by the Committee in the areas of
- (1) countywide planning and coordination;
 - (2) regulatory coordination; and
 - (3) business retention and development;

Specific staff roles and responsibilities are as follows:

a. **Regulatory Coordinator**

The Regulatory Coordinator will oversee the following projects:

1. Compile a county-wide regulatory directory identifying agency jurisdictions, permitting requirements and agency contacts;
2. Develop criteria for projects to receive "fast track" designation;
3. Assist Regulatory Council and the Business and Industry Association in carrying out the previously described regulatory review and simplification project.

Ongoing responsibilities for the regulatory coordinator will include the following:

1. **Ombudsman** - Encourage regulatory community to consider economic implications of regulatory actions; Monitor standard setting actions to ensure that city and business economic interests are mobilized and represented in the commenting process. On a selective basis, track projects which meet certain well-defined economic and social criteria through regulatory processes to expedite permitting.
2. **Technical Assistance** - Help businesses prepare the necessary paper work to secure compliance; Assist city and county staff in preparing economic impacts analyses for EIRs and other regulatory assessments. Analyze the economic implications of major regulatory initiatives such as nuclear free zones and restrictions on the Port of Oakland's dredging activities.

b. Growth Management Planning Coordinator

The Growth Management Planning Coordinator will coordinate the County-wide Planning Forum's meetings and provide staff and research assistance.

The Planning Coordinator will also provide administrative and technical support for the Growth Management Task Force in carrying out the Growth Management Policy Project.

In connection with these functions, the Growth Management Planning Coordinator will carry out the following projects:

1. Compile existing information and research concerning:

- Alameda County's economic and demographic trends and related impacts;
- Infrastructure, housing, transportation and public service capacities;
- City and County land use policies, planning procedures and development plans;
- Growth management efforts elsewhere; and
- Technical reports concerning growth management planning.

2. Prepare an assessment of the following:

- Critical limits to future growth in Alameda County;
- Impact of local planning decisions on growth prospects;
- Alternative structural and policy models for growth management.

3. Prepare a report to the Growth Management Task Force concerning:

- Prospects for growth and its impacts in Alameda County
- Key policy issues involved; and
- Policy and strategic options available to decision-makers.

c. Business Retention and Development Staff

The Business Retention and Development Staff will carry out conventional economic development functions including the following:

1. Develop and maintain a county-wide clearinghouse of business information, to include the following elements:

- Demographic and employment data
- Business services available in the area

- Utility and transportation rates and availability
 - Catalogue of financial, technical and training assistance available to local business
 - A general guide to state and local business regulations and information on the appropriate agency to contact
 - Information on industrial sites
2. Develop a county-wide marketing and promotion program with the purpose of attracting targeted industries to Alameda County and encouraging existing businesses to stay and expand here.
 3. Provide site location assistance to businesses seeking to locate or expand in Alameda County.
 4. Monitor trends affecting the health of local business.
 5. Identify companies considering relocating outside of Alameda County and determine whether government action could encourage them to remain.

ALAMEDA COUNTY REGULATORY COUNCIL

- ROLE** Facilitate coordination among environmental regulatory agencies and foster dialogue between the regulatory and business communities.
- MEMBERS** Members from environmental regulatory agencies with jurisdiction in Alameda County, to include the following:
- Environmental Protection Agency
 - Bay Conservation and Development Commission
 - Air Quality Control Board
 - Water Quality Control Board
 - Army Corps of Engineers
 - Others to be identified.

FUNCTIONS:

- Provide an ongoing forum for regulators, business and local government to identify common regulatory problems and seek mutually acceptable solutions;
- Inventory agency standards, rules and procedures to aid in the development of a regulatory information clearinghouse; and
- Consult with representatives from the business community to determine where avoidable problems are occurring in the regulatory process.

Recommended Activities

With the assistance of the business community and a specially-designated Regulatory Coordinator, the Regulatory Council may initiate a regulatory review project to accomplish the following:

- establish clear guidelines for permitting and review processes;
- streamline routine approvals;
- where agency jurisdictions overlap, coordinate standards and establish a process to identify a lead agency; and
- develop criteria to assess economic impacts and mitigating alternatives in regulatory decisions.

ALAMEDA COUNTY PLANNING FORUM

ROLE	Enhance county-wide cooperation and coordination on local land use planning decisions.
MEMBERS	Planning Directors from each of the 14 Cities and the County Government
FUNCTIONS:	<ul style="list-style-type: none">• Provide a forum for dialogue among all jurisdictions in the county;• Coordinate land use decisions with regional transportation, pollution control, infrastructure and solid waste agencies;• Assist in the development of a county-wide growth management plan for Alameda County;• If directed by the Board of Supervisors, administer and monitor compliance with a county-wide growth management plan.
STAFFING	The Alameda County Office of Community and Economic Development will coordinate the Forum's meetings, and provide staff and research assistance. Additional staffing will be provided by each planning department as needed.

AD HOC GROWTH MANAGEMENT TASK FORCE/
GROWTH MANAGEMENT POLICY PROJECT

GOAL: Develop growth management strategies and policies for the future of Alameda County through a process of informed public discussion and consensus-building.

PARTICIPANTS:

Ad Hoc Growth Management Task Force, comprised of representatives from the following groups:

- civic associations
- elected officials
- developers
- environmentalists
- community groups
- private business

The Alameda County Ad Hoc Growth Management Task Force will direct the project, with technical and staff assistance provided by the Countywide Planning Forum and the Growth Management Planning Coordinator in the Alameda County Administrator's Office.

In the course of its study, the Task Force will hold a series of public hearings to encourage informed public debate of issues, goals and strategies for effective growth management.

IMPLEMENTATION The Growth Management Policy Project will be carried out in three phases:

PHASE I
Technical Research

Before we can develop a strategic plan, we need a clearer map of the road ahead. The first phase of this project will help policy makers and the general public understand the complex growth management issues and choices for Alameda County.

The County-wide Planning Forum will direct staff research and analysis concerning:

- the prospects for growth and its impacts in Alameda County;
- public attitudes concerning growth and development;
- growth management efforts in other areas; and
- alternative policies, planning procedures and strategies for Alameda County.

The Forum will present its findings and set forth the range of options for growth management policies and options in a series of reports to the Task Force.

PHASE II
Define Goals and Objectives

Once it has achieved agreement on the nature of Alameda County's growth problems, the Task Force members must develop a consensus on the future for growth. Growth pressures create conflicting demands for policy makers; for example, housing needs run up against open space preservation objectives. A growth management strategy for Alameda County must reconcile this community's diverse needs, interests and ideals.

Through a series of internal discussions and public hearings, the Task Force will develop a set of consensus goals and objectives to establish the framework for strategic action.

PHASE III
Develop Plan

The Task Force will evaluate alternative strategies within the parameters of commonly defined goals and objectives. With the assistance of the Regional Planning Forum, it will develop a regional growth management strategy. The Task Force will present this strategy, along with proposed structural and policy changes to carry it out, in a report to the Board of Supervisors.

INDUSTRY AND EDUCATION PROJECT

GOAL: Channel public and private resources into building a workforce that is qualified for current and future job opportunities.

PARTICIPANTS:

- Alameda County Superintendent of Schools
- Industry/Education Committee of the Alameda County Business and Industry Association (proposed group)
- Representatives from labor and university communities.

The Committee suggests that the project include the following program elements:

- Build a network of business support for community schools. Options to increase private sector support and involvement in K-12 education system include financial assistance, partnership programs, mentoring, and employment incentive programs for graduating students.
- Connect community schools to higher education resources in the area. Support from universities can come in the form of faculty and graduate student assistance in curriculum planning, resource management assistance and program analysis. The Committee suggests the roundtable use the University-Oakland Metropolitan Forum as a possible model.
- Develop mechanisms to coordinate vocational training and apprenticeship efforts in the county. Communicate business needs to educators. Initiate training programs aimed at upgrading the skills of existing workforce, including tailored training.

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